

## Message Text

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C O N F I D E N T I A L SECTION 01 OF 05 BUCHAREST 02296

E.O. 11652: GDS  
TAGS: ECON, EFIN, EINV, EEWT, ESTC, ETRD, RO,  
OVIP (CEAUSESCU, NICOLAE)  
SUBJ: SUGGESTED BRIFING PAPERS FOR CEAUSESCU VISIT:  
ECONOMIC

1. FOLLOWING ARE POST SUGGESTIONS FOR BRIEFINGPAPERS  
TO BE USED INDEPARTMENT AND COMMERCE DISCUSSIONS  
WITH ROMANIANS DURING APRIL 12-13 CEAUSESCU VISIT,  
FOR WHAT THEY ARE WORTH.

2. MOST FAVORED NATION REVIEW PERIOD:  
BACKGROUND: ROMANIA RECEIVED MOST FAVORED NATIONAL  
TREATMENT UNDER A WAIVER OF THE JACKSON-VANIK EMIGRA-  
TION REQUIREMENTS OF THE TRADE ACT OF 1974. THE  
PRESIDENT'S WAIVER AUTHORITY MUST BE REVIEWED BY  
CONGRESS ANNUALLY, AND MAY BE TERMINATED IF EITHER  
HOUSE PASSES A RESOLUTION OF DISAPPROVAL. THE  
PRESIDENT SOUGHT AN EXTENSION OF THE WAIVER IN JUNE,  
1976, AND JUNE, 1977, AND ON EACH OCCASION, CONGRESSIONAL  
HEARINGS DID NOT RESULT IN ACTION TO DISAPPROVE THE  
WAIVER REQUEST.  
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TH GOR'S OBJECTIVE NOW IS TO DO AWAY WITH ANNUAL  
CONGRESSIONAL HEARINGS AND COME TO AN AGREEMENT UNDER  
WHICH MFN WOULD BE RECIEVED ONLY EVERY THREE YEARS.  
THE GOR'S CAMPAIGN FOR ACHIEVING MULTI-YEAR MFN  
STATUS HAS ZBEN WAGED FOR ABOUT ONE YEAR, DURING  
WHICH TIME, VARIOUS MEMBERS OF THE ADMINISTRATION AND  
THE CONGRESS HAVE DISCUSSED THE MATTER WITH ROMANIAN

MINISTERS AND OTHER OFFICIALS. DESPITE THE FACT THAT ROMANIANS UNDERSTAND THAT THE MULTI-YEAR MFN WOULD REQUIRE AN AMENDMENT TO THE TRADE ACT OF 1974, AND FURTHER THAT THE ADMINISTRATION MOST PROBABLY WILL NOT PROPOSE SUCH AN AMENDMENT THIS YEAR, THIS ISSUE WILL SURELY BE PURSUED DURING THE VISIT.

GOR POSITION: THE ANNUAL CONGRESSIONAL REVIEW OF THE PRESIDENT'S REQUEST FOR WAIVER IS UNDESIRABLE FROM A NUMBER OF POINTS OF VIEW: THE LACK OF CERTAINTY THAT MFN WILL BE CONTINUED FRUSTRATES LONG-RANGE PLANNING AND INVESTMENT BY EITHER THE GOR OR THEIR AMERICAN BUSINESS PARTNERS; THE CONGRESSIONAL REVIEW IS NOT LIMITED TO ECONOMIC ISSUES AND TENDS TO FOCUS INSTEAD OF INTERNAL POLITICAL QUESTIONS SUCH AS EMIGRATION AND THE STATUS OF NON-ROMANIAN NATIONALITIES IN ROMANIA. ROMANIA, HAVING BEEN THE FIRST AND ONLY COUNTRY TO ACCEPT THE CONDITIONS IMPOSED BY THE JACKSON-VANIK AMENDMENT, AND HAVING FAITHFULLY FULFILLED ITS PROMISES IN CONNECTION WITH EMIGRATION, SHOULD NOW BE REWARDED BY RECOGNITION OF ITS "SPECIAL" STATUS THROUGH THE EXTENSION OF MFN FOR A THREE-YEAR PERIOD.

U.S. POSITION: THE GRANTING OF MULTI-YEAR MFN TO ROMANIA WOULD, AS A PRACTICAL MATTER, INVOLVE A CHANGE IN THE JACKSON-VANIK AMENDMENT. THE ADMINISTRATION HAS CONCLUDED THAT, AT THIS TIME, A REQUEST FOR SUCH A CHANGE, WHICH WOULD BENEFIT ONLY ROMANIA, IS CONFIDENTIAL

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NOT POSSIBLE. HOWEVER, WE DO UNDERSTAND AND APPRECIATE THE ECONOMIC MERIT OF THE ROMANIAN PROPOSAL, AND SO AGREE TO KEEP THE PROPOSAL UNDER CONSIDERATION.

TALKING POINTS:

--WE ARE AWARE OF THE ROMANIAN PROPOSAL THAT MFN TREATMENT BE EXTENDED TO ROMANIA FOR PERIODS UP TO THREE YEARS AS OPPOSED TO THE PRESENT SYSTEM OF ANNUAL REVIEW, AND ARE SYMPATHETIC TO THE ECONOMIC MERITS OF THE PROPOSAL. AMERICAN BUSINESSMEN ASSOCIATED WITH ROMANIA TAKE MUCH THE SAME LINE ON THE ECONOMIC VALUE OF THE PROPOSAL WITH THE ADMINISTRATION AS DO ROMANIAN OFFICIALS.

--IN OUR JUDGMENT, THE TIME IS NOT RIPE FOR THE INTRODUCTION BY THE ADMINISTRATION OF A PROPOSAL THAT ROMANIA BE EXEMPTED FROM THE PROVISIONS OF THE TRADE ACT OF 1974, CHIEFLY BECAUSE WE DO NOT BELIEVE THAT CONGRESS WOULD TREAT SUCH A PROPOSAL SYMPATHETICALLY.

--WE ARE CONVINCED THAT, WITHIN THE EXISTING LEGAL FRAMEWORK GOVERNING TRADE AND ECONOMIC COOPERATION BETWEEN OUR TWO COUNTRIES, THERE IS STILL PLENTY OF ROOM FOR EXPANSION OF MUTUALLY BENEFICIAL INTERCOURSE. THESE EXISTING POSSIBILITIES SHOULD OCCUPY OUR ATTEN-

TION AND ENERGIES FOR THE TIME BEING.

3. TRADE AGREEMENT RENEWAL:

BACKGROUND: THE U.S.-ROMANIAN TRADE AGREEMENT WAS SIGNED IN BUCHAREST IN APRIL, 1975, THE AGREEMENT ENTERED INTO FORCE IN AUGUST, 1975, DURING THE VISIT OF PRESIDENT GERALD R. FORD TO ROMANIA. IN ACCORDANCE WITH THE PROVISIONS OF THE TRADE ACT WHICH SPECIFY THAT TRADE AGREEMENTS WITH NON-MARKET ECONOMY COUNTRIES BE LIMITED TO THREE YEARS INDURATION, THE TRADE AGREEMENT MUST BE RENEWED THIS YEAR. THE AGREEMENT WILL BE EXTENDED FOR ANOTHER THREE-YEAR PERIOD UNLESS EITHER PARTY NOTIFIES LTHE OTHER, IN WRITING, OF THE TERMINATION OF THIS AGREEMENT AT LEAST 30 DAYS PRIOR TO ITS  
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EXPIRATION (LATEST DATE OF NOTIFICATION BEING JULY 3, 1978).

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GOR POSITION: THE ROMANIAN SIDE IS SATISFIED THAT PROVISIONS OF THE AGREEMENT HAMV BEEN MET AND INTENDS TO RENEW THE AGREEMENT.

U.S. POSITION: WE WILL RENEW THE AGREEMENT IF WE ARE SATISFIED THAT (A) A SATISFACTORY BALANCE OF

CONCESSIONS IN TRADE AND SERVICES HAS BEEN MAINTAINED SINCE THE AGREEMENT HAS BEEN IN EFFECT, AND (B) THE PRESIDENT DETERMINES ANY ACTUAL OR FORESEEABLE REDUCTION IN U.S. TARIFF OR NON-TARIFF RESTRICTIONS IS SATISFACTORILY RECIPROCATED BY THE ROMANIAN SIDE. ROMANIAN PERFORMANCE WILL BE REVIEWED IN MAY BY THE CONGRESS AND WE EXPECT THAT AGREEMENT TO BE EXTENDED.

TALKING POINT: IT IS IMPORTANT THAT ROMANIA REALIZE THAT IN OUR REVIEW OF THE AGREEMENT, PARTICULAR ATTENTION WILL NOT ONLY FOCUS ON TARIFF ISSUES REGARDING RECIPROCITY IN MULTILATERAL TRADE NEGOTIATIONS BUT ON NON-TARIFF ISSUES WHICH CAN HAVE THE SAME EFFECT AS BARRIERS TO TRADE. ONE OF THE MORE PROMINENT NON-TARIFF BARRIERS OF MAJOR CONCERN TO U.S. BUSINESSMEN IS THE INCREASING DEMAND OF ROMANIAN FOREIGN TRADE ORGANIZATIONS FOR INCLUSION OF COUNTERTRADE (BUY-BACK) PROVISIONS IN PURCHASE CONTRACTS FOR U.S. PRODUCTS.  
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#### 4. EXPORT CONTROLS:

BACKGROUND: SEVERAL YEARS AGO, THE GOR APPARENTLY MADE A POLICY DECISION TO SEEK A HIGH LEVEL OF TRADE AND COOPERATION WITH U.S. COMPANIES IN THE AREA OF ELECTRONICS, PARTICULARLY COMPUTERS. A CLEAR MANIFESTATION OF THIS POLICY IS THE JOINT VENTURE BETWEEN THE GOR AND THE CONTROL DATA CORPORATION (CDC) FOR THE PRODUCTION IN ROMANIA OF COMPUTER PERIPHERALS. IN THE PAST SEVERAL YEARS, (A) THE GOR HAS BEEN SUCCESSFUL IN STRETCHING THE LIMITS OF U.S. EXPORT LICENSING POLICY AND HAS SUCCEEDED IN OBTAINING LICENSES AND INCREASINGLY MORE SOPHISTICATED TECHNOLOGY AND PRODUCTS. THE GOR IS AWARE THAT WE ARE CURRENTLY CONDUCTING A REVIEW OF OUR EXPORT LICENSING POLICY IN GENERAL AND THAT THIS MAY RESULT IN A MORE LIBERALIZED POLICY VIS-A-VIS ROMANIA.

U.S. POSITION: AMONG MEMBERS OF THE WARSAW PACT, ROMANIA IS ACCORDED SOMEWHAT PREFERENTIAL TREATMENT ON EXPORT LICENSE CASES. RECENT LEGISLATIVE CHANGES IN U.S. EXPORT LICENSE POLICY COULD BENEFIT ROMANIA. OUR POLICY IS TO ENCOURAGE THE EXPANSION OF TRADE AND TECHNOLOGY AND TECHNOLOGICALLY ORIENTED PRODUCTS AS LONG AS THAT TRADE IS CONSISTENT WITH OUR NATIONAL SECURITY CONCERNS AND OUR INTERNATIONAL OBLIGATIONS (SUCH AS COCOM). WE ARE MAKING EVERY EFFORT TO PROCESS EXPORT LICENSES AS EXPEDITIOUSLY AND FAVORABLY AS POSSIBLE.

GOR POSITION: U.S. EXPORT LICENSING POLICY IS EXTREMELY BUREAUCRATIC AND TIME CONSUMING. AN EXPORT

LICENSE APPLICATION REQUIRES DETAILED PRODUCT SPECIFICATIONS, BUT THESE CANNOT BE DEVELOPED WITHOUT EXTENDED  
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DISCUSSIONS BETWEEN BUYER AND SELLER, WHICH COST TIME AND MONEY. IF THE LICENSE IS NOT APPROVED, THIS EFFORT IS LOST. U.S. EXPORTS TO ROMANIA OF MANUFACTURES ARE HELD DOWN BECAUSE OF U.S. EXPORT CONTROL. THE PROFITABLE EVOLUTION OF THE GOR-CDC JOINT VENTURE IS HAMPERED BY RESTRICTIVE U.S. EXPORT CONTROLS. ROMANIA IS ONLY INTERESTED IN ACQUIRING ITEMS, WHICH ARE SUBJECT TO U.S. EXPORT CONTROLS, FOR NON-MILITARY PURPOSES.

TALKING POINTS:

--FOLLOWING UP ON PROVISIONS OF THE NEW EXPORT ADMINISTRATION ACT, THE ADMINISTRATION HAS JUST COMPLETED ITS REVIEW OF OUR EXPORT LICENSING POLICY TOWARD ROMANIA. THE RESULT IS THAT WE NOW PLAN TO LIBERALIZE SOMEWHAT OUR EXPORT CONTROL POLICY FOR ROMANIA.

--NEVERTHELESS, THE U.S. WILL CONTINUE TO MAINTAIN EXPORT CONTROLS ON VARIOUS PRODUCTS, SOME OF WHICH ARE OF INTEREST TO ROMANIA. IT IS IMPORTANT THAT THE GOR AND THE U.S. BE AWARE OF THE LIMITATIONS THESE CONTROLS IMPOSE ON OUR BILATERAL TRADE PROSPECTS AND THAT WE CONCENTRATE OUR EFFORTS ON THE TOO MANY OTHER AREAS, NOT SUBJECT TO EXPORT CONTROLS, OPEN TO US.

#### 5. CONCESSIONAL CREDITS:

BACKGROUND: ON SEVERAL OCCASIONS IN RECENT YEARS, PRESIDENT CEAUSESCU AND OTHER ROMANIAN LEADERS HAVE ASKED US FOR LARGE-SCALE (\$500 MILLION) LOANS ON A LONG-TERM, LOW-INTEREST BASIS OF 2-3 PERCENT. CONSELOR PUNGAN HAS RESURRECTED THIS IDEA IN SEVERAL RECENT CONVERSATIONS IN WASHINGTON AND BUCHAREST, AND IT IS PRACTICALLY CERTAIN TO BE HIGH ON THE ROMANIAN AGENDA FOR THE VISIT. PUNGAN SPOKE SPECIFICALLY IN TERMS OF EXPORT-IMPORT BANK FACILITIES. OUR REPLY HAS ALWAYS BEEN THAT SUCH A PROPOSAL WOULD REQUIRE SPECIAL LEGISLATION WHICH THE ADMINISTRATION WAS NOT  
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PREPARED TO SEEK.

GOR POSITION: PRESIDENT CEAUSESCU BELIEVES THAT THE U.S. SHOULD GRANT CONCESSIONAL LOANS TO ROMANIA AS A DEVELOPING COUNTRY AND AS EVIDENCE OF OUR

"SPECIAL RELATIONSHIP" WHICH ROMANIA PERCEIVES AS  
GOVERNING RELATIONS BETWEEN OUR TWO COUNTRIES.

U.S. POSITION: UNDER PRESENT LEGISLATION,  
ROMANIA IS NOT ELIGIBLE FOR CONCESSIONAL LOANS UNDER  
THE FOREIGN ASSISTANCE PROGRAM, AND WE DO NOT INTEND  
TO SEEK NEW LEGISLATION. OUR BILATERAL AID PROGRAM

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IS DECLINING AND IS LIMITED TO JUST A FEW LOW INCOME COUNTRIES.  
FOR SOME YEARS NOW, NO CONCESSIONAL LOANS HAVE BEEN  
MADE TO MANY OTHER COUNTRIES WITH WHOM WE HAVE GOOD

POLITICAL RELATIONS AND WHOSE PER CAPITA INCOME IS  
LESS THAN THAT OF ROMANIA.

TALKING POINT: ROMANIA HAS AT ITS DISPOSAL A  
NUMBER OF FINANCIAL ASSISTANCE PROGRAMS WHICH IT CAN  
AND DOES USE: IT HAS ACCESS TO EXIMBANK FACILITIES  
AND THE CCC CREDIT PROGRAM. IN THE INTERNATIONAL  
SPHERE, IMPORTANT SOURCES OF FINANCIAL ASSISTANCE ARE  
AVAILABLE THROUGH ITS MEMBERSHIP IN THE IMF AND THE  
WORLD BANK. THE U.S. HAS ALSO RECENTLY PROVIDED  
DISASTER RELIEF ASSISTANCE IN THE FORM OF A \$20 MILLION  
AID PACKAGE TO ASSIST IN EARTHQUAKE RECOVERY.

6. PROPERTY CLAIMS AND GENERALIZED SYSTEM OF  
PREFERENCES:

BACKGROUND: THE U.S. HAS GRANTED ROMANIA GENERALIZED  
SYSTEM OF PREFERENCES PRIVILEGES AS A DEVELOPING COUNTRY.  
AT THE TIME THAT SUCH BENEFITS WERE EXTENDED, WE

EXPLAINED TO THE ROMANIANS THAT CONTINUED ENJOYMENT  
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OF GSP STATUS WOULD BE THREATENED IF "PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION" WERE NOT GIVEN TO AMERICAN CITIZENS WHOSE PROPERTY IN ROMANIA HAD BEEN CONFISCATED. OF PARTICULAR CONCERN TO US WAS A ROMANIAN DECREE WHICH SET ARBITRARY MAXIMUM LIMITATIONS OF SOME \$3,000.00 ON CITY PROPERTIES AND \$1,600.00 ON RURAL PROPERTIES. THERE ARE ABOUT TEN CASES INVOLVING EXPROPRIATION OF U.S. PROPERTIES--APARTMENTS OR HOUSES--WHICH HAVE NOT BEEN SATISFACTORILY RESOLVED OR WHICH APPEAR TO REQUIRE ADDITIONAL CONSIDERATION BY THE ROMANIAN GOVERNMENT. WE HAD RECEIVED ASSURANCES FROM DEPUTY PRIME MINISTER PATAN THAT THE ROMANIAN GOVERNMENT WOULD SYMPATHETICALLY CONSIDER WAIVING THE PROVISIONS OF THE GOR DECREE ESTABLISHING THE UNREASONABLE LIMITATIONS, AND HAVE REITERATED OUR CONCERN TO PATAN'S SUCCESSOR AS MINISTER OF FOREIGN TRADE, CORNEL BURTICA. THE AMBASSADOR HAS PRESENTED BRUTICA THREE CASES INVOLVING APPARENTLY LEGITIMATE CLAIMS. HOPEFULLY, THESE CASES WILL HAVE BEEN RESOLVED SATISFACTORILY BY THE TIME THE PRESIDENTS MEET.

U. S. POSITION: SECTION 502 OF THE TRADE ACT OF 1974 PROHIBITS A PRESIDENTIAL DESIGNATION OF GSP TO ANY COUNTRY THAT EXPROPRIATES THE PROPERTY OF AN AMERICAN CITIZEN WITHOUT PROVIDING "PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION" UNLESS "GOOD FAITH NEGOTIATIONS" TO THIS END ARE IN PROGRESS. DESPITE REPEATED REPRESENTATIONS ON THIS ISSUE IN BUCHAREST, LITTLE PROGRESS HAS BEEN MADE ON RESOLVING OUTSTANDING CLAIMS INVOLVING THE EXPROPRIATION UNDER DECREE 223 OF APARTMENTS AND HOUSES. WE WILL CONTINUE TO PERSIST IN OUR REPRESENTATIONS, MAKING THEM MORE DEFINITE AND CONCRETE AS CLAIMANTS' CASES ARE PROPERLY DOCUMENTED.

GOR POSITION: THE U.S. REQUESTS HAVE BEEN TRANS-  
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MITLVD TO THE MINISTER OF FINANCE, WHO IS COMPETENT TO DEAL WITH THEM. THE GOR IS WILLING TO SEEK AN ADMINISTRATIVE REMEDY, NOT INVOLVING A CHANGE IN DECREE 223, IN ORDER TO WAIVE THE MAXIMUM LIMITATION ON THE AMOUNT OF COMPENSATION FOR PROPERTIES PREVIOUSLY OWNED BY AMERICAN CITIZENS. HOWEVER, THIS AGREEMENT MUST REMAIN CONFIDENTIAL.

TALKING POINTS:

--THE GOR'S CONTINUED ENJOYMENT OF THE BENEFITS OF GSP DEPEND ON AN EARLY RESOLUTION OF CLAIMS OF AMERICAN CITIZENS ARISING FROM COMPENSATION OF THEIR PROPERTIES IN ROMANIA.

--WE UNDERSTAND THAT NEGOTIATIONS ARE PROCEEDING IN BUCHAREST AND HOPE THAT A FEW OF THE OUZMTANDING CLAIMS CAN BE SATISFACTORILY SETTLED IN THE VERY NEAR FUTURE.

7. COOPERATION PROJECTS:

BACKGROUND: ROMANIA HAS SIGNED NUMEROUS FRAMEWORK AGREEMENTS WITH WESTERN GOVERNMENTS TO PROMOTE INDUSTRIAL COOPERATION. THESE DO NOT BIND INDIVIDUAL COMPANIES TO SPECIFIC PROJECTS, BUT INDICATE POSSIBLE JOINT PRODUCTION/ASSEMBLY VENTURES. WHILE NO SUCH AGREEMENT EXISTS WITH THE UNITED STATES, THE GOR IS ANXIOUS TO CONCLUDE MORE COOPERATION PROJECTS WITH U.S. COMPANIES AS A MEANS OF REACHING THE TARGET OF \$1 BILLION IN BILATERAL TRADE BY 1980. COOPERATION PROJECTS WITH WESTERN FIRMS ARE ATTRACTIVE TO THE GOR, BECAUSE THEY ARE A SIGN OF ROMANIAN INDEPENDENCE FROM THE USSR AND OF ROMANIA'S DESIRE TO IMPROVE ITS TRADE TIES WITH THE WEST. AT THE SAME TIME, COOPERATION PROJECTS TEND TO RESULT IN THE PRODUCTION IN ROMANIA OF ITEMS OR COMPONENTS PREVIOUSLY IMPORTED, WHILE, AT THE SAME TIME, INCREASING ROMANIA'S STOCK OF EXPORTABLE QUALITY GOODS TO THE WEST. ROMANIA'S LIMITED HARD CURRENCY

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RESERVES, COMBINED WITH THE GOR'S POLICY TO HOLD DOWN ITS HARD CURRENCY DEBT, MEANS THAT GOR EMPHASIS ON COOPERATION PROJECTS WILL GROW FOR THE NEXT FEW YEARS.

U.S. POSITION: WHILE THE USG DOES NOT BELIEVE THAT COOPERATION SHOULD BE A REQUIREMENT TO DOING BUSINESS, WE HAVE ATTEMPTED TO ASSIST ROMANIA IN THIS AREA THROUGH THE DISSEMINATION OF INFORMATION TO U.S. BUSINESS ON ROMANIA'S INTEREST. DESPITE THE EFFORTS OF U.S. AGENCIES, COMPARATIVELY LITTLE INTEREST HAS BEEN AROUSED. THIS MAY BE ATTRIBUTED IN PART TO THE

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GENERAL BUSINESS REPUTATION THAT ROMANIA ENJOYS IN  
THE WEST AND, IN PART, TO THE UNFAMILIARITY WITH  
ROMANIA AMONG U.S. BUSINESSMEN.

GOR POSITION: TO REACH THE GOAL OF \$1 BILLION IN  
BILATERAL TRADE BY 1980, IT IS NECESSARY TO GO BEYOND  
STRAIGHT IMPORT-EXPORT DEALS AND FIND AREAS OF LONG-  
TERM COOPERATION. IN THE FUTURE, ROMANIAN ENTERPRISES  
AND FOREIGN FIRMS WILL BE MORE CLOSELY TIED BY COOPERA-  
TION ACTIVITIES. COOPERATION IS IN BOTH THE INTEREST  
OF THE USG AND THE GOR, BECAUSE IT GUARANTEES ASSURED  
MARKETS AND SUPPLIES. ROMANIA HAS A FAVORABLE INVEST-  
MENT CLIMATE AND OFFERS STABLE POLITICAL CONDITIONS  
AND A RAPIDLY EXPANDING ECONOMY.

TALKING POINTS:

--WHILE THE U.S. DOES NOT BELIEVE THAT COOPERA-  
TION SHOULD BE A REQUIREMENT FOR DOING BUSINESS IN  
ROMANIA, WE UNDERSTAND ROMANIA'S INTEREST IN COOPERA-  
TION AND ARE WILL TO BE SUPPORTIVE.

--INFORMATION THAT WE RECEIVE FROM THE GOR ON  
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PRIORITY COOPERATION PROJECTS WILL BE DISSEMINATED  
PROMPTLY TO THE AMERICAN BUSINESS COMMUNITY.

8. THIRD COUNTRY COOPERATION:

BACKGROUND: THE SUBJECT OF THIRD COUNTRY COOPERA-  
TION WITH WESTERN COMPANIES HAS BEEN OF GREAT INTEREST  
TO THE GOR FOR SEVERAL YEARS, BASICALLY AS AN EXTEN-  
SION OF ITS FOREIGN POLICY. FOR THE GOR, THIRD COUNTRY

COOPERATION IS A EUPHEMISM FOR JOINT PARTICIPATION BETWEEN ROMANIA AND WESTERN FIGUS IN PROJECTS IN THIRD WORLD COUNTRIES. A STATEMENT ON THIS SUBJECT HAS BEEN INCLUDED IN ALL RECENT JOINT COMMUNIQUE PERTAING TO PRESIDENT CEAUSESCU'S MEETINGS WITH WESTERN LEADERS. TO DATE, ROMANIA HAS HAD LITTLE SUCCESS IN INTERESTING U.S. OR COMPANIES FROM OTHER COUNTRIES TO PARTICIPATE JOINTLY IN THEIR COUNTRY PROJECTS. IN THE PAST SEVERAL MEETINGS OF THE JOINT ECONOMIC COMMISSION (GOVERNMENT TO GOVERNMENT) AND THE JOINT ECONOMIC COUNCIL (COMPANY TO COMPANY), THE GOR HAS INSISTED ON AN AGENDA ITEM COVERING THIRD COUNTRY COOPERATION.

U.S. POSITION:

THE USG REMAINS WILLING TO ASSIST ROMANIA IN DEVELOPING COOPERATION BETWEEN U.S. FIRMS AND ROMANIAN COMMERCIAL ENTITIES IN THIRD COUNTRIES. WE ARE WILLING TO PROVIDE SERVICES IN THE FORM OF INFORMATION DISSEMINATION TO FACILITATE SUCH COOPERATION, PROVIDED THE ROMANIANS PROVIDE US WITH SUFFICIENT DATA ON THEIR OBJECTIVES IN THIS AREA AND DEMONSTRATE HOW COOPERATION WITH ROMANIA BENEFITS THE U.S. FIRM--MORE THAN DOING THE PROJECT ALONE OR WITH ANOTHER FOREIGN PARTNER. CONFIDENTIAL

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BEFORE AGREEING TO SUPPORT AND FACILITATE THE ESTABLISHMENT OF A JOINT CONSULTATIVE WORKING GROUP MEETING OR SEMINAR, THE U.S. HAS INSISTED THAT ROMANIA PROVIDE DETAILED INFORMATION ON SPECIFIC PROJECTS IN WHICH IT WISHES U.S. COMPANIES TO PARTICIPATE, INCLUDING THE SPECIAL CONCESSIONS OR BENEFITS THAT ROMANIA HAS BEEN THE THIRD COUNTRY WHICH MAKES THE PROJECT ATTRACTIVE. WE HAVE ALSO ASKED FOR TYPICAL RESULTS OF SIMILAR AGREEMENTS ROMANIA HAS WITH OTHER FOREIGN COMPANIES. ONLY AFTER RECEIPT OF SUCH SPECIFIC INFORMATION CAN WE DETERMINE HOW THE USG CAN BEST ASSIST.

GOR POSITION: ROMANIA HAS BEEN AIMING AT ESTABLISHING THIRD COUNTRY COOPERATION EFFORTS WITH U.S. FIRMS EITHER BY FORMING PERMANENT JOINT COMPANIES WHICH WOULD ASSIST IN OPENING FOREIGN MARKETS TO ROMANIAN GOODS OR BY COOPERATING ON SPECIFIC PROJECT (ON AN "AD HOC" BASIS) WHENEVER U.S. CAPITAL OR TECHNOLOGY WOULD BENEFIT THE PROJECT (EJS.G., MINING, REFINERY PROJECTS).

TALKING POINTS:

--THE USG REMAINS INTERESTED IN THE THIRD COUNTRY COOPERATION CONCEPT AND, WITH THE PROPER DETAILED INFORMATION PROVIDED BY THE GOR IS READY TO ASSIST ROMANIA IN FINDING U.S. PARTNERS.

--THIS ADDITIONAL INFORMATION WILL BE USEFUL HC THE U.S. BUSINESS COMMUNITY IN UNDERSTANDING ROMANIA'S COMMERCIAL INVOLVEMENT IN THIRD COUNTRIES, AND IN PROVIDING INTERESTED U.S. COMPANIES WITH ADEQUATE BACKGROUND INFORMATION THAT MAY SPUR THEIR INTEREST IN JOINT COOPERATION PROJECTS.  
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9. TRADE LIBERALIZATION AND BUSINSS FACILITATION:

BACKGROUND: OVER THE LAST FIVE YEARS, WE HAVE ENCOURAGED THE ROMANIANS TO MAKE MORE ECONOMIC DATA AVAILABLE TO OUR GOVERNMENT AND AMERICAN BUSINESS PEOPLE. ROMANIANS HAVE UNDERTAKEN COMMITMENTS TO DO SO IN THE FRAMEWORK OF THE U.S. - ROMANIAN ECONOMIC COMMISSION, THE U.S.-ROMANIAN COUNCIL AND IN THE CSCE. ALTHOUGH MORE DATA IS AVAILABLE NOW, THE QUANTITY AND QUALITY OF IT STILL LEAVE MUCH TO BE DESIRED AND ROMANIA'S PERFORMANCE IN THE RESPECTS BELOW THAT OF ANY OTHER EASTERN EUROPEAN COUNTRY. AT THE SAME TIME, WE HAVE OTHER EASTERN EUROPEAN COUNTRY. AT THE SAME TIME, WE HAVE URGED ROMANIANS TO MAKE LIFE AND WORK FOR AMERICAN BUSINESSMEN IN ROMANIA MORE PRODUCTIVE THROUGH THE PROVISION OF ADEQUATE AND FAIRLY PRICED BUSINESS FACILITIES. THERE IN FACT IS A DIRE SHORTAGE OF BOTH OFFICE AND LIVING SPACE IN BUCHAREST WHERE MOST BUSINESS REPRESENTATIVES CARRY OUT THEIR FUNCTIONS. OUR

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FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC IMMEDIATE 8915

USDOC WASHDC

C O N F I D E N T I A L SECTION 5 OF 5 BUCHAREST 2296

REPEATED REQUESTS ARE NOW TO BECOME A CENTRAL PART OF OUR POLICY IN THE FRAMEWORK OF THE MULTILATERAL TRADE NEGOTIATIONS. THIS IS SO NOT ONLY BECAUSE WE CONSIDER THE DEARTH OF ECONOMIC DATA PROVIDED BY THE GOVERNMENT TO BE AN IMPORTANT INHIBITING FACTOR IN THE DEVELOPMENT OF A GOOD BUSINESS ATMOSPHERE, BUT ALSO BECAUSE ROMANIA, WHICH LIKE OTHER EASTERN EUROPEAN STATES, HAS NO EFFECTIVE SYSTEM OF TARIFFS, CANNOT OFFER MEANINFUL TARIFF CONCESSIONS.

U.S. POSITION: A GOOD ECONOMIC RELATIONSHIP BETWEEN THE TWO COUNTRIES CAN DEVELOP ONLY IF COMMUNICATION AND EXCHANGE OF INFORMATION AND DATA IS COMPLETE AND FRANK. THE ROMANIAN GOVERNMENT HAS UNDERTAKEN COMMITMENTS TO MAKE AVAILABLES INCREASING QUANTITITES OF ECONOMIC DATA AND TRADE OPPORTUNITIES. THE ROMANIAN PERFORMANCE HAS IMPROVED BUT NOT ACHIEVED SATISFACTORY LEVELS. IN THE CONTEXT OF THE GENEVA MTN, WE WILL BE REQUESTING THAT ROMANIA AND OTHER NON-MARKET STATES MAKE FRESH COMMITMENTS TO BUSINESS FACILITATION AS WELL AS FOR PARTICIPATION IN CUSTOMS VALUATION AND CONFIDENTIAL

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STANDARDS CODES.

GOR POSITION: THE USG'S REQUESTS FOR INFORMATION ARE INDISCRIMINATE AND TOO INCONCLUSIVE. THE GOVERNMENT IS TRYING TO MEET REASONABLE REQUESTS AND HAS INCREASED THE AMOUNT OF ECONOMIC DATA MADE PUBLIC IN RECENT YEARS. THE GOVERNMENT'S STATE SECRETS ACT ENCOMPASSES CERTAIN ECONOMIC DATA AND THE GOR IS, OF COURSE, UNWILLING TO BREAK ITS OWN LAW BY PROVIDING INFORMATION WHICH WOULD EFFECT ROMANIA'S SECURITY.

TALKING POINT: CONFIDENCE BETWEEN TRADING PARTNERS CAN DEVELOP ONLY IF THERE IS FREEDOM OF COMMUNICATION INVOLVING, AMONG OTHER THINGS, ECONOMIC DATA ON WHICH TRADE AND FINANCIAL COMMITMENTS MUST BE BASED. WE

APPRECIATE ROMANIA'S EFFORTS TO LIBERALIZE ITS PRACTICE  
ON PUBLISHING DATA AND ENCOURAGE IT TO ACCELERATE  
THESE EFFORTS.

10. ROLE OF U.S. DOLLAR:

BACKGROUND: THE ROMANIANS, UNLIKE OTHER EASTERN  
EUROPEAN COUNTRIES, EXPLICITLY ACCEPTED EXISTING ARRANGE-  
MENTS FOR INTERNATIONAL TRADE AND FINANCIAL ARRANGE-  
MENTS WHEN IT JOINED THE INTERNATIONAL MONETARY FUND  
IN THE EARLY 1970'S. THE ROMANIAN GOVERNMENT'S ECONOMIC  
OPENING TO THE WEST WAS BASED ON CONFIDENCE IN THE  
SYSTEM. THE GOR HAS FREY TENDENTLY EXPRESSDP CONCERN THAT  
THE CONTINUED AND DISORDERLY DEVALUATION OF THE DOLLAR  
THREATENS THE ENTIRE INTERNATIONAL SYSTEM AND THE  
GOR'S STAKE IN IT. THE GREAT BULK OF ROMANIA'S TRADE  
AND FINANCIAL TRANSACTIONS WITH THE WEST--SOME 55 PERCENT  
OF ITS TOTAL TRADE--IS DENOMINATED IN DOLLARS. ROMANIANS  
LOOK TO THE USG, AS THE PREDOMINANT ECONOMIC/FINANCIAL  
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POWER IN THE SYSTEM OF MULTILATERAL ORGANIZATIONS, TO  
REESTABLISH COHERENCE AND PREDICTABILITY WITHIN THAT  
SYSTEM.

GOR POSITION: THE USG IS CENTRALLY RESPONSIBLE  
FOR THE EFFECTIVE DEFENSE OF THE DOLLAR, AND THROUGH  
ITS DEFENSE, THE REINVIGORATION OF THE MULTILATERAL  
ORGANIZATIONS RESPONSIBLE FOR DISCUSSION AND RESOLU-  
TION OF GLOBAL FINANCIAL, TRADE AND DEVELOPMENT ISSUES.  
OUR EFFORTS TO ENLIST THE ASSISTANCE OF OUR MAJOR ALLIES,  
SUCH AS THE FRG ANFFJAPAN, IN THIS TASK ARE SECONDARY  
TO THE ASSERTION OF U.S. WILL TO DEFEND ITS CURRENCY  
AND TO STRENGTHEN EXISTING INTERNATIONAL ARRANGMENTS.  
IS IT POSSIBLE THAT THE USG'S POLICY IS TO ALLOW THE  
DOLLAR TO CONTINUE TO DEVALUE?

USG POSITION: THE ADMINISTRATION IS COMMITTED  
TO A STRONG CURRENCY AND IS WORKING WITH OTHER COUNTRIES  
THROUGH SWAP ARRANGEMENTS, FOR INSTANCE, TO CORRECT  
DISORDERLY CONDITIONS IN THE EXCHANGE MARKETS. A  
CENTRAL ISSUE IS THE TRADE BALANCE OF THE U.S.  
IMPROVEMENT IN U.S. TRADE PERFORMANCE DEPENDS ON  
GROWTH IN THE ECONOMIES OF THE DEVELOPED WORLD AS  
WELL AS ON CEJRAIN DOMESTIC ISSUES, THE MOST IMPORTANT  
BEING THE ADMINISTRATION'S ENERGY BILL. THE  
ADMINISTRATION IS ALSO COMMITTED TO STRENGTHENING  
EXISTING MULTILATERAL INSTITUTIONS, SUCH AS THE  
IMF AND THE IBRD.

TALKING POINTS:

--WE ARE AWARE OF ROMANIA'S UNIQUE POSITION AS  
THE ONLY COMECON MEMBER-STATE WHICH IS ALSO A  
MEMBER OF THE IMF/IBRD AND, CONSEQUENTLY, WE ARE  
INTERESTED IN THE GOR'S VIEWS ON THE INTERNATIONAL  
ROLE OF THE U.S. DOLLAR.

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--THE GOR CAN BE ASSURED THAT THE USG IS TAKING  
ALL APPROPRIATE STEPS TO INSURE THE REESTABLISHMENT  
OF ORDERLY INTERNATIONAL FINANCIAL ARRANGEMENTS AND  
THAT IT IS AWARE OF THE LINKAGES BETWEEN SUCCESS IN  
THIS AREA AND THE CONTINUED EXPANSION OF INTERNATIONAL  
TRADE AND ECONOMIC DEVELOPMENT OF ALL COUNTRIES.  
SIMONS

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014